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FAR EAST

1. Increased Japanese trade with Communist China foreseen:



Comment: Hatoyama, one of several possible successors to Yoshida, is supported by interests which favor a more independent foreign policy and which are highly vocal in advocating trade with Communist China. Three prominent Hatoyama supporters are attending the current World Peace Council meeting at Berlin and probably will visit Moscow and Peiping to discuss trade matters.

Yoshida is expected to raise the problem of divergent American and British policies toward Peiping on his forthcoming trip abroad. The Japanese have indicated they favor the British view of dealing with the Chinese Communists, and Yoshida has suggested to American officials that Japanese business penetration might wean Peiping away from Moscow.

2. Japanese war criminal problem may become serious issue:



A Japanese Foreign Ministry official asserts that the war criminal problem will become an increasingly dangerous issue between Japan and the United States if Prime Minister Yoshida is not assured on his forthcoming visit to the United States that releases will be accelerated. In a plea to the American embassy on 19 May, he cited the more favorable treatment accorded Germans, and the more lenient attitude of the Philippines toward convicted Japanese.

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Comment: Japanese popular feeling on the continued detention of war criminals was significantly highlighted in the Diet recently when the minister of education remarked that the war tribunals had been conducted by the victors in a "barbarian" manner, and were "like cannibals' festivals."

SOUTHEAST ASIA

3. Navarre believes Viet Minh "has not decided" to attack delta:


He cautioned Cogny to maintain an atmosphere of confidence in his relations with the press.

Comment: The main body of Communist units formerly at Dien Bien Phu is not expected to arrive in the vicinity of the delta prior to 10 June. Viet Minh intentions probably will not become clear until it can be ascertained how these units are deployed on their arrival.

for the near future the primary Viet Minh target in the delta will continue to be the road and railroad between Hanoi and Haiphong. the French are maintaining traffic along these routes, they are not cleared of mines and opened before 3:00 p. m. each day.

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4. French military chief says delta must be held:

 General Ely, French chief of staff, told the American chargé in Saigon on 22 May that the Tonkin delta must and can be held. He said there is evidence the Viet Minh is training troops north of the delta in more modern arms, possibly including tanks.

Ely intends to effect "new dispositions" in the delta, bringing French troops from Laos, and replacing French Union troops now in static positions with Vietnamese troops. He also pointed out that 2,800 Foreign Legion troops reached Indochina on 22 May, and hoped he would be able to airlift a few additional battalions from France with American help. With these forces he feels he can dominate the situation.

He stated dramatically: "In the '14 war we had our eyes fixed on the line of the Vosges, but the war was actually won in the Balkans. In '38 we had our eyes fixed on the Maginot Line, but the war was lost in Czechoslovakia. In '54 we can lose Europe if we do not hold here."

Comment: It is possible that Ely's reference to "new dispositions" might imply a severe contraction of the French lines in the delta. The American army attaché recently reported that such a plan might be under consideration.

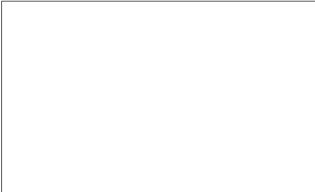
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SOUTH ASIA

6. Karachi may impose "governor's rule" in East Pakistan:


 Since the labor riots on 15 May, the East Pakistan political situation has been deteriorating steadily. Commander in Chief Ayub Khan of the Pakistani army told the American army attaché he has urged the government strongly to promulgate "governor's rule"--direct rule by the provincial governor acting on instructions from Karachi--and to impose martial law in certain areas. Ayub estimated that even if his suggestions were adopted it would take six months "to get the situation back on the tracks."

The attaché states that the government's decision is anticipated within a day or two and that the central cabinet has held extended meetings to consider the problem.

Comment: The central government is considered capable of restoring order in the area. If the government takes the recommended actions, however, it will almost certainly lead to increased friction between Karachi and the provincial government in East Pakistan.

WESTERN EUROPE

7. Bohlen comments on Soviet protest in Austria:

 Ambassador Bohlen believes that the recent strong attack by the Soviet high commissioner on alleged anti-Soviet activities in Vienna was

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motivated, at least in part, by a desire to buttress the Soviet thesis that the possibility of an Anschluss is a real danger and the reason for Soviet unwillingness to withdraw troops from Austria.

Bohlen feels that unless such Soviet actions are dealt with firmly, they may develop along much more serious lines.

Comment: While the threat of another Anschluss with West Germany has been a standard part of the Soviet justification for maintaining troops in Austria, the recent protest appears to have been brought on primarily by what the Soviet high commissioner considered to be anti-Soviet activities on the part of the Austrians supported by Western powers.

The three Western high commissioners plan to meet early this week to discuss tactics at the Allied Council meeting scheduled for 28 May at which the Soviet protest will be discussed.

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LATE ITEM

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